

until April of 1997. Soon after entering the market, however, it became clear to TWTC that adequate and nondiscriminatory access to the BellSouth network and to BellSouth services would not be possible unless BellSouth agreed to comprehensive and enforceable performance measurements, benchmarks and reporting.

7. At the request of TWTC, therefore, the two parties began in June 1997 to negotiate performance measurements, benchmarks and reporting requirements. These negotiations were extremely time-consuming and difficult. TWTC requested a comprehensive set of requirements for performance measurements, standards and reporting as well as penalties for BellSouth violations of those requirements. BellSouth's position, however, was that it was only obligated to agree to performance measurements and reporting requirements.

8. Finally, after approximately four months of negotiations, in September 1997, TWTC and BellSouth signed Amendment No. 1 to the Master Agreement. A copy of Amendment No. 1 is attached as Exhibit No. 2. Amendment No. 1, while not perfect, at least contained performance measurements for five critical areas for TWTC's predominantly facilities-based CLEC business: (1) service provisioning and maintenance, (2) interim number portability ("INP"), (3) directory assistance, (4) line information database ("LIDB"), and (5) customer service records ("CSRs").

9. In addition to performance measurements and reporting, BellSouth agreed to performance benchmarks (or "measurement/intervals" as they are referred to in Amendment No.

1) for many of these categories of activities. Where the parties could not agree on a benchmark because of a lack of data, they agreed to meet to set benchmarks no later than 90 days after actual performance occurred (i.e., after BellSouth began to perform the function in question for TWTC). These benchmarks are referred to as "to be determined" in Amendment No. 1.

10. Amendment No. 1 also included reporting requirements for BellSouth. Paragraph 2.1 of Amendment No. 1 states that, "BellSouth shall report the measurements for the activities in each category in comparison with the targets provided herein." Paragraph 2.2 of the Amendment states further that, "BellSouth shall provide measurement data on a monthly basis for each state in the Territory in which Time Warner offers service. The data shall be reported to Time Warner in a format that will enable Time Warner to compare BellSouth's performance for itself and all other [competitive LECs] as a group with respect to a specific measurement to BellSouth's performance for Time Warner for that same specific measurement."

11. Unfortunately, TWTC was not able obtain any penalty provisions in Amendment No. 1 for failure to meet the reporting or benchmark requirements. Paragraph 1.4 states only that the parties will "perform a root cause analysis" if performance "falls below agreed upon expectations."

12. In November 1997, TWTC began asking BellSouth for performance reports from BellSouth to calculate the benchmarks that were "to be determined." In January 1998, BellSouth sent TWTC the report for December 1997. A copy of the report TWTC

received from BellSouth for December 1997 is attached as Exhibit No. 3. This report contained virtually no performance measurement data for TWTC specifically. Nor did it contain all of the specific performance measurements detailed in Amendment No. 1. Instead, the generic report contained performance measurement data for BellSouth and aggregate performance measurement data for all competitive LECs (referred to as "ALECs" in the reports). This report did not therefore meet BellSouth's obligation under paragraph 2.2 of Amendment No. 1 to provide performance measurement data to TWTC in a format that allows TWTC to compare performance TWTC receives with the performance provided by BellSouth to itself and other LECs.

13. Prior to receiving the January report, on December 8, 1997, TWTC sent a "Notice and Complaint" ("complaint") to BellSouth stating TWTC's intent to initiate the formal alternative dispute resolution procedures described in Article XX of the Master Agreement unless BellSouth cured the problems identified in the complaint. A copy of the complaint is attached as Exhibit No. 4. The complaint raised a broad range of issues related to the services provided by BellSouth to TWTC, including issues related to performance measurements and reporting.

14. On January 5, 1998, representatives of TWTC and BellSouth met in Raleigh, North Carolina to discuss the allegations in the complaint. During that meeting, TWTC and BellSouth agreed that the issue of performance measurements and reporting was one of the fundamental sources of dispute between the parties. In particular, TWTC reiterated its complaint that

BellSouth had failed to meet its performance reporting obligations.

15. On January 27-28, 1998, the parties held a follow-up meeting in Birmingham, Alabama. During that meeting, BellSouth representatives agreed to provide to TWTC performance measurement data on all of the categories listed in the Master Agreement and Amendment No. 1. Based on this promise, TWTC decided not to pursue formal arbitration on the performance measurement reporting issue.

16. Between January and March, however, BellSouth continued to make excuses as to why it could not collect the performance measurement data required by the Master Agreement and Amendment No. 1. When BellSouth did send TWTC performance reports, they did not include Time Warner-specific data. Indeed, it became increasingly clear to TWTC that BellSouth had no intention of providing the performance measurement data that TWTC needs in order to determine if it is obtaining adequate service from BellSouth.

17. William Stacy, Vice President - Services for the Interconnection Operations department of BellSouth Telecommunications, Inc., later confirmed this impression. During a Section 271 workshop that I attended in Tennessee on March 5, 1998, Mr. Stacy stated that by November of 1997 BellSouth had stopped even attempting to collect and report the performance measurement data required by individual interconnection agreements. Instead, Mr. Stacy claimed that

BellSouth was focusing on collecting the performance measurement data required by the Georgia Public Service Commission.

18. Nevertheless, TWTC continued to request that BellSouth provide TWTC the information to which it was entitled. Finally, in a meeting held on April 14th, BellSouth representatives agreed to provide TWTC with monthly reports covering aspects of provisioning and repair of facilities that TWTC leases from BellSouth.

19. BellSouth provided the first such report in May. The report included mean time to repair ("MTTR") data for TWTC, all competitive LECs and BellSouth. Jeffrey Ross, TWTC's Vice President of National Operations, explains in his affidavit why the data contained in this report and the ones that followed demonstrate that BellSouth has consistently failed to meet the applicable MTTR benchmark contained in Section 3.2.a of Amendment No. 1. The report BellSouth sent in May also included data on provisioning.

20. In addition to agreeing to provide provisioning and repair data, BellSouth also agreed during the April 14 meeting to analyze the reports they had been sending TWTC up until that time to determine if the data covered the specific requirements of Amendment No. 1. After performing this analysis, BellSouth openly admitted on a conference call held on May 15 that the information BellSouth had provided to TWTC did not include all of the information BellSouth is required to provide under Amendment No. 1 and the Master Agreement. As a possible means of breaking the impasse on performance measurement reporting, I suggested to

BellSouth that the parties replace the performance measurements, benchmarks and reporting requirements to which the parties had agreed with the those adopted by the Local Competition Users Group, subject to the changes proposed by the Association of Local Telecommunications Services ("LCUG/ALTS proposal"). BellSouth has not accepted this proposal.

21. Finally, on June 5th, I sent a letter to BellSouth stating that if BellSouth failed by June 30th to explain in detail the manner in which it would comply with the performance measurement requirements in the Master Agreement and Amendment No. 1 or alternatively in the LCUG/ALTS proposal, that TWTC would pursue formal arbitration pursuant to the requirements of the Master Agreement. A copy of the letter sent on June 5th is attached as Exhibit No. 5.

22. In a meeting held on June 8, 1998, fully nine months after the parties signed Amendment No. 1, BellSouth representatives stated that BellSouth would begin collecting most of the performance measurement data it is required to provide. BellSouth promised to provide TWTC with the relevant data by the August or September report month (i.e., July or August data to be received in August or September). I requested a meeting with Mr. Stacy to confirm BellSouth's commitment and to discuss the LCUG/ALTS proposal.

23. The meeting with Mr. Stacy was conducted on July 17. Mr. Stacy stated the concerns BellSouth had with the LCUG/ALTS proposal, and he did not agree to adopt the LCUG/ALTS proposal in lieu of the performance measurements included in the Master

Agreement and Amendment No. 1. He did, however, state that BellSouth would send TWTC a letter by July 22, 1998, specifically stating whether BellSouth would comply with each provision in Amendment No. 1.

24. On July 22, I received an electronic mail message from BellSouth with a matrix attached. The matrix describes the manner in which BellSouth has promised it will provide the performance measurement data required by Amendment No. 1. A copy of the matrix is attached as Exhibit No. 6. BellSouth states in the matrix that it will provide the required performance measurement data with the exceptions noted in the matrix rows corresponding to Section 3.1.1, 3.1.3 and 3.9 of Amendment No. 1.

25. Notwithstanding this promise, as of the execution of this affidavit, BellSouth has still not provided TWTC with TWTC-specific performance measurement data regarding (1) interim number portability; (2) directory assistance; (3) LIDB; or (4) CSRs. This is so, despite repeated requests by TWTC that this information be provided and numerous promises by senior BellSouth employees that BellSouth would provide the information described in Amendment No. 1.

26. TWTC is encouraged by the recent commitments made by BellSouth to comply with its reporting obligations. The commitments made by BellSouth in the matrix I received on June 22 are more detailed and apparently more serious than previous commitments made by BellSouth. But TWTC's experience has shown that BellSouth's promises, without more, are inherently unreliable. Indeed, TWTC's experience has demonstrated that in

the absence of penalties for noncompliance, BellSouth is highly unlikely to provide performance measurement data. It follows that it would be even more difficult for TWTC and other competitive LECs to obtain this information if BellSouth's past behavior were rewarded with an approval of BellSouth's Section 271 application for Louisiana.

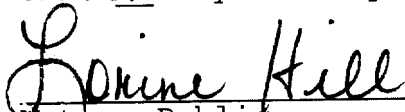
27. As a final point it is important to reiterate the harm to TWTC's business caused by BellSouth's resistance to complying with the terms of the Master Agreement and Amendment No. 1. In order to compete with BellSouth for the provision of local exchange and exchange access services, TWTC must be certain that its customers receive access to the BellSouth network services covered by the Master Agreement and Amendment No. 1 (INP, LIDB, directory assistance etc.) that is at parity with the access BellSouth provides to its own customers. Without performance measurement reports, TWTC lacks the information to determine whether it receives service at parity. BellSouth can therefore discriminate virtually at will against TWTC with little chance of detection. This situation is simply unsustainable in a competitive market.

I declare under penalty of perjury that the foregoing is true and correct. Executed on July 31, 1998.



Carolyn M. Marek

Sworn to and subscribed before me
this 31st day of July, 1998



Notary Public

My Commission Expires NOV. 24, 2001

EXHIBIT NO. 1

MASTER INTERCONNECTION AGREEMENT

This Master Interconnection Agreement (the "Agreement") is entered into effective the 1st day of June, 1996 by and between the telecommunications entities set forth on Exhibit A hereto (referred to as "Company" or as the "Companies") and BellSouth Telecommunications, Inc. ("BellSouth") (collectively the "Parties") for the purpose of determining the rates, terms, and conditions for the interconnection of the Parties' telecommunication networks within the States of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee (the "Territory").

RECITALS AND PRINCIPLES

A. BellSouth is a Local Exchange Carrier authorized to provide certain telecommunications services within specific service areas in the Territory;

B. BellSouth has and continues to be the incumbent provider of local exchange telephone service within its service areas in the Territory;

C. The Companies have made application and have been granted authority to provide local exchange telephone services in portions of the Territory and will continue to expand their authority to provide such services throughout the entire Territory including, without limitation, areas within BellSouth's service areas in the Territory for the purpose of providing alternative or competitive services;

D. The parties desire to interconnect their telecommunications networks and facilities, purchase unbundled services and features, and exchange traffic so that their respective customers may communicate with each other over and through such networks and facilities;

E. The Parties desire to enter into this Agreement consistent with all applicable federal, state and local statutes, rules and regulations in effect as of the date of its execution including, without limitation, the Act at Sections 251, 252 and 271 and to replace any and all other prior agreements, both written and oral, including, without limitation, that certain Stipulation and Agreement dated December 7, 1995 applicable to the State of Florida concerning the terms and conditions of interconnection; and

F. The Parties enter into this Agreement for the purpose of facilitating the introduction of local exchange telephone competition on an expedited basis and avoiding the uncertainty and expense of mediation, arbitration and/or litigation and to establish the rates, terms, conditions and mechanisms necessary to facilitate such competition.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.01. **Act** - means the Telecommunications Act of 1996, Public Law 104-104 of the 104th United States Congress effective February 8, 1996.

1.02 **Access Service Request ("ASR")** - means an industry standard form used by the Parties to add, establish, change or disconnect trunks for the purposes of Interconnection.

1.03 **Affiliate** - means any person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this Paragraph, the term "own" means to own an equity interest (or the equivalent thereof) of more than ten percent (10%). Person shall mean any individual, partnership, corporation, company, limited liability company association, or any other legal entity authorized to transact business in any State in the Territory.

1.04 **Alternate Local Exchange Carrier ("ALEC")** - means any local exchange telecommunications company authorized to provide telecommunications services or exchange services in one or more areas of the Territory after January 1, 1995.

1.05 **Automated Report Management Information System ("ARMIS")** - means the most current ARMIS 4308 report issued by the Federal Communications Commission ("FCC").

1.06 **Bell Communications Research ("Bellcore")** - means an organization owned jointly by the seven Bell regional holding companies that conducts research in development projects for its seven owners, including development of new telecommunications services. Bellcore also provides certain centralized technical and management services for the regional holding companies.

1.07 **Calling Party Number ("CPN")** - means a Common Channel Signaling parameter which refers to the number transmitted through the network identifying the calling party.

1.08 **Central Office Switch, ("Central Office") ("CO")** - means a switching entity within the public switched telecommunications network, including but not limited to:

a. End Office Switches which are Class 5 switches from which end user Telephone Exchange Services are directly connected and offered.

b. Tandem Office Switches which are Class 4 switches which are used to connect and switch trunk circuits between and among Central Office Switches.

1.09 **Billing Number** - means the number to which charges for a call are billable.

1.10 **Carrier Identification Code ("CIC")** - means a three or four digit number assigned to an IXC that identifies that carrier's traffic.

1.11 **Centralized Message Distribution System ("CMDs")** - means the billing record and clearing house transport system that the Regional Bell Operating Companies (RBOCs) and other incumbent LECs use to efficiently exchange out collects and in collects as well as Carrier Access Billing System ("CABS") records.

1.12 **Commission** - means any state administrative agency to which the United States Congress or any state legislative body has delegated any authority to supervise or regulate the operations of Local Exchange Carriers pursuant to the Act or state constitution or statute such as a Public Utilities Commission or Public Service Commission.

1.13 **Common Channel Interoffice Signaling ("CCIS")** - means a signaling system, developed for use between switching systems with stored-program control, in which all of the signaling information for one or more groups of trunks is transmitted over a dedicated high-speed data link using SS7 protocol.

1.14 **Control Office** - is an exchange carrier center or office designated as its company's single point of contact for the provisioning and maintenance of its portion of interconnection arrangements.

1.15 **Customer Local Area Signaling Services ("CLASS")** - means features available to end users based on the availability of CCIS. Class features include, but are not necessarily limited to: Automatic Callback; Call Trace; Caller ID and related blocking features; Distinctive Ringing/Call Waiting; Selective Call Forward; Selective Call Rejection.

1.16 **Digital Service - Level 0 ("DS-0")** - means a digital signal rate of 64 kilobits per second ("kbps").

1.17 **Digital Service - Level 1 ("DS-1")** - means a digital signal rate of 1.544 Megabits Per Second ("Mbps").

1.18 **Digital Service - Level 3 ("DS-3")** - means a digital signal rate of 44.736 Mbps.

1.19 **Electronic File Transfer** - means any system/process which utilizes an electronic format and protocol to send/receive data files.

1.20 **Exchange Access** - means the offering of access to telephone exchange services or facilities for the purpose of the origination or termination of telephone toll services from or to Exchange Service customers in a given area pursuant to a switched access tariff. Exchange Access does not include traffic exchanged between LECs and ALECs for purpose of local traffic interconnection.

1.21 **Exchange Service** - means the definition of telephone exchange service found at §3(1)(A) and (B) of the Act which shall be interpreted to include any services offered to end users which provides the end user with a telephonic connection to, and a unique local telephone number address on, the public switched telecommunications network, and which enables such end user to generally place calls to, or receive calls from, other stations on the public switched telecommunications

network. Exchange Service includes basic residence and business line service, PBX trunk line service, pay phone access line service, Centrex line service and ISDN line services. Exchange Service does not include Private Line, Exchange and Special Access services.

1.22 **Feature Group A ("FGA")** - means the FGA Access, which is available to all customers, provides line side access to Telephone Company end office switches with an associated seven digit local telephone number for the customer's use in originating and terminating communications to an Interexchange Carrier's Service.

1.23 **Feature Group B ("FGB")** - means the FGB Access, which is available to all customers, except for the termination of originating calls placed over FGD by AT&T, provides trunk side access to Telephone Company end office switches with an associate uniform 950-0XXX or 950-1XXX access code for the customer's use in originating and terminating communications to an Interexchange Carrier's Service.

1.24 **Feature Group D ("FGD")** - means the FGD Access, which is available to all customers, provides trunk side access to Telephone Company end office switches with an associated uniform 10XXX access code for the customer's use in originating and terminating communications. FGD Access may also be used to originate and terminate 800 and 900 Access Service calls. FGD Access may be used to originate 950-XXXX calls where the customer has elected the FGD with 950 access feature.

1.25 **Interconnection** - means the connection of equipment and facilities within, between or among networks for the transmission and routing of Exchange Service and Exchange Access. Interconnection shall include nondiscriminatory access to signaling systems, routing databases, facilities and information and provision of Service Provider Number Portability as required to ensure interoperability of networks and efficient, timely provision of services to end-user customers without permitting access to network proprietary network information, unless otherwise permitted. Interconnection shall also include dialing parity as defined by the Act at Section 3(a)(39).

1.26 **Interexchange Carrier ("IXC")** - means a telecommunications service provider authorized by the FCC to provide interstate long distance communications services between LATAs and are authorized by a state Commission to provide long distance communications services but not Exchange Services within the state borders (except under separate authority as a LEC or ALEC).

1.27 **Integrated Services Digital Network ("ISDN")** - means a switched network service providing end-to-end digital connectivity for the simultaneous transmission of voice and data.

1.28 **Local Access and Transport Area ("LATA")** - as defined by the Act, means a contiguous geographic area - (A) established before the date of enactment of the Act by a BellSouth operating company such that no exchange area includes points within more than one (1) metropolitan statistical area, consolidated metropolitan statistical area, or state, except as expressly permitted under the AT&T consent decree; or (B) established or modified by a BellSouth operating company after such date of enactment and approved by the Commission.

1.29 **Local Exchange Routing Guide ("LERG")** - means Bellcore reference customarily used to identify NPA-NXX routing and homing information as well as network element and equipment designations.

1.30 **Local Exchange Carrier ("LEC")** - means any person or entity engaged in the provision of Exchange Service or Exchange Access.

1.31 **Local Traffic** - means any telephone call that originates and terminates in the same LATA and is billed by the originating party as a local call, including any call terminating in an exchange outside of BellSouth's service area with respect to which BellSouth has a local interconnection arrangement with an independent LEC, with which the Companies are not directly interconnected.

1.32 **Local Interconnection Trunks/Trunk Groups** - means equipment and facilities that provide for the termination of Local Traffic and intraLATA toll telephone traffic.

1.33 **Meet-Point Billing** - means an arrangement whereby two Exchange Access providers (including a LEC and a ALEC) provide Exchange Access to an IXC and each such provider receives its share of the tariffed element revenues by agreement.

1.34 **Multiple Exchange Carrier Access Billing ("MECAB")** - means the document prepared by the Billing Committee of the auspices of the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions ("ATIS") and by Bellcore as Special Report SR-BDS-000983, containing the recommended guidelines for the billing of Exchange Access provided by two or more LECs and/or ALECs, or by one LEC in two or more states within a single LATA, as it is amended from time to time.

1.35 **Multiple Exchange Carriers Ordering and Design Guidelines for Access Services - Industry Support Interface Multiple Exchange Carriers Ordering and Design Guidelines for Access Services - Industry Support Interface ("MECOD")** - means the document developed by the Ordering/Provisioning Committee under the auspices of the OBF, which functions under the auspices of the Carrier Liaison Committee of the ATIS and is published by Bellcore as Special Report SR STS-002643 to establish methods for processing orders for Exchange Service access which is to be provided by two or more LECs and/or ALECs.

1.36 **Mutual Traffic Exchange** - means that the sole compensation to a Party for termination of specified categories of traffic shall be the reciprocal services provided by the other Party. Each Party shall bill its own customers for such categories of traffic and retain all revenues resulting therefrom.

1.37 **North American Numbering Plan ("NANP")** - means the system of telephone numbering employed in the United States, Canada, and certain Caribbean countries.

1.38 **Numbering Plan Area ("NPA")** - means an area code which is the three digit indicator defined by the "A", "B" and "C" digits of each 10-digit telephone number within the NANP containing 800 possible NXX Codes each. There are two general categories of NPA. "Geographic NPA" is

associated with a defined geographic area, and all telephone numbers bearing such NPA are associated with services provided within that Geographic area. A "Non-Geographic NPA", also known as a "Service Access Code" ("SAC Code") means specialized telecommunications service which may be provided across multiple geographic NPA areas such as 500, Toll Free Service NPAs, 900 and 700.

1.39 **NXX Code ("NXX"), Central Office Code ("CO Code")** - means the three digit switch entity indicator which is defined by the "D", "E" and "F" digits of a 10-digit telephone number within the NANP containing 10,000 station numbers.

1.40 **0ZZ Codes** - define FGD call paths through a LEC's access Tandem Office Switch.

1.41 **Percent Local Usage ("PLU")** - means a calculation representing the ratio of the local minutes to the sum of local and intraLATA toll minutes and interLATA minutes, if any, between LECs sent over Local Interconnection Trunks. PLU does not include directory assistance, busy line verification, busy line verification interrupt, 900 and 976 calls.

1.42 **Rating Point** - means the vertical and horizontal coordinates associated with a particular telephone number for rating purposes.

1.43 **Routing Point** - means a location which a LEC has designated on its own network as the homing (routing) point for traffic inbound to Exchange Services provided by the LEC which bears a certain NPA-NXX designation and is employed to calculate mileage measurements for the distance-sensitive transport element charges of Exchange Access Services.

1.44 **Signal Transfer Point ("STP")** - means a packet switching function that routes signaling messages among Service Switching Points ("SSPs"), Service Control Points ("SCPs"), Signaling Point ("SPs"), and other STPs in order to set up calls and to query databases for advanced services.

1.45 **State** - means a state within the Territory, as the context requires.

1.46 **Territory** - means all portions of Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee in which BellSouth or an affiliate is authorized, or may in the future be authorized, to provide Exchange Services and maintain a Central Office and in which the Companies or their affiliates at any time during the term of this Agreement are authorized to provide Exchange Services and also maintain a Central Office.

1.47 **Transit Calls or Intermediary Function** - means intraLATA calls (local and toll) sent between the Parties originating from or terminating to an end user of a third-party LEC, ALEC, wireless provider, or other carrier or calls sent between the Parties destined for or originating from an IXC.

1.48 **Toll Free Service** - means service provided with any dialing sequence that invokes toll-free (i.e. 800-like) service processing. Toll Free Service includes calls to the Toll Free Service 800/888 NPA SAC codes.

1.49 **Wire Center** - means a building or space within a building which serves as an aggregation point on a network, where transmission facilities and circuits are connected or switched. Wire center can also denote a building in which one or more Central Offices, used for the provision of Exchange Services and access services, are located. However, for purposes of Expanded Interconnection Service ("EIS"), Wire Center shall mean those points eligible for such connections as specified in the FCC Docket No. 91-141, and rules adopted pursuant thereto.

1.50 **Undefined Terms.** The Parties acknowledge that terms may appear in this Agreement which are not defined and agree that any such terms shall be construed in accordance with their customary usage in the telecommunications industry as of the effective date of this Agreement.

ARTICLE II

EFFECTIVENESS; TERM

2.01 The Parties shall file this Agreement with the appropriate Commissions as soon as practicable following its execution in accordance with the Act and unless rejected by any Commission, it shall become effective pursuant to its terms with respect to any State in the Territory when approved by the appropriate Commission or when deemed approved under the Act.

2.02 The Parties agree to interconnect their networks pursuant to the terms of this Agreement in each State in the Territory for a period of two (2) years from the effective date of this Agreement in such State, and thereafter the Agreement shall continue in full force and effect unless and until terminated as provided herein. In the sole discretion of the Companies, the effective date of this Agreement may be treated as the date of its execution or the date of the completion of the first call in any State within the Territory. In no event, however, shall the effective term of this Agreement exceed two (2) years from the date of the completion of the first call in any State within the Territory, unless the Agreement is modified pursuant to the provisions of Article XVI, Paragraph 26.02.

2.03 Upon delivery of written notice at least one hundred sixty (160) days prior to the expiration of this Agreement, any Party may require negotiations of the rates, terms, and conditions of the interconnection arrangements to be effective upon such expiration. Unless deemed to be inconsistent with the Act, if the Parties are unable to satisfactorily negotiate such new terms within 135 days of commencing the negotiations, any Party may petition the Commission in any state within the Territory to arbitrate any unresolved issues. In the event that any Commission does not issue its order prior to the scheduled expiration date in such State, the Parties agree that the rates, terms and conditions ultimately ordered by such Commission or negotiated by the Parties will be effective retroactive to the expiration date. Until the revised interconnection arrangements become effective, the Parties shall continue to exchange traffic pursuant to the terms of this Agreement.

ARTICLE III

TECHNICAL PROVISIONS

The Parties shall agree to interconnect their respective networks in the Territory for the purpose of terminating calls intended for a customer of one of the Parties and for Transit Calls.

3.01 Interconnection Obligation. The Parties agree to interconnect their networks through facilities to be established pursuant to this Agreement between the Companies' Central Offices and BellSouth's Central Offices as designated by the Companies from time to time.

3.02 POI. For each BellSouth Central Office where a Company and BellSouth interconnect for the exchange of local and intraLATA toll and meet point access traffic, the Company and BellSouth agree that there will be Point(s) of Interconnection ("POI") located at the demarcation point between the Company's network and BellSouth's Central Office. Subject to the Act, a Company may elect to establish the POI for each such Central Office through physical collocation, virtual collocation, or may purchase transport facilities. BellSouth shall not charge rearrangement, reconfiguration, disconnection or other non-recurring fees associated with the reconfiguration of the Company's interconnection arrangement at any BellSouth Central Office.

3.03 Sizing and Structure of Interconnection Facilities. The Parties shall each determine the appropriate sizing for its interconnection facilities based hereunder on the standards set forth in Section XI, below. The interconnection facilities provided by each Party shall be at either the DS-0, DS-1 or DS-3 level, according to mutual forecasts and sound engineering practice, as mutually agreed to by the Parties during planning - forecasting meetings.

3.04 Trunks. Interconnection for local and intraLATA toll traffic will be provided via one-way trunks, or such interconnection may be provided via two way trunks by issuance of an ASR from a Company. Two-way trunks will be established to exchange interLATA toll and meet point access traffic. No Party will construct facilities which require another Party to build unnecessary facilities.

3.05 Signaling Protocol. The Parties will interconnect their networks using SS7 signaling as defined in GR-317 and GR-394, including ISDN User Part ("ISUP") for trunk signaling and Transaction Capabilities Application Part ("TCAP") for CCIS-based features. The Companies will establish outgoing multifrequency ("MF") trunks to BellSouth for 911 traffic. The Parties will interconnect their network using two-way MF signaling for traffic originating from carriers that do not have SS7 networks.

3.06 In the event BellSouth must decommission a Central Office or switch, BellSouth shall not charge the Companies for moving EIS/collocation arrangements.

3.07 Pursuant to Section 251(c)(5) of the Act, BellSouth shall provide forty-five (45) days written notice to the Companies before making any changes to BellSouth's network configuration that may have an impact on the Companies' interconnection, facilities, network or operations.

3.08 Nothing herein shall prevent any Company from utilizing existing collocation facilities, purchased from the interexchange tariffs, for local interconnection; provided, however, that if a Company orders new facilities for Interconnection or rearranges any facilities presently used for its alternate access business in order to use such facilities for local interconnection hereunder and a BellSouth charge is applicable thereto, BellSouth shall only charge such Company the lower of the interstate or intrastate tariffed rate or promotional rate.

3.09 ALEC to ALEC Connections. BellSouth will allow TWC and all other carriers collocated at the same BellSouth Central Office to directly connect their facilities at such Central Office for the purpose of exchanging Local Traffic without use of the BellSouth Tandem Office Switch. Tariffed cross connect charges shall apply.

ARTICLE IV MEET-POINT TRUNKING ARRANGEMENTS

4.01 Two-way meet point trunks which are separate from the Local Interconnection Trunk Groups will be established to enable the Company and BellSouth to provide Exchange Access Services to IXC's via a BellSouth Central Office. No Party shall charge the other any amount for any meet point facilities unless one Party is ordering trunks from the other.

4.02 The Parties will provide CCIS to each other, where and as available, in conjunction with meet point two-way trunk groups. Companies may establish CCIS interconnections either directly or through a third-party. The Parties will exchange TCAP messages to facilitate full inter-operability of CCIS-based features between their respective networks, including all CLASS features and functions to its own end users. The Parties will provide all CCIS signaling, Billing Number, originating line information ("OLI") and any other such similar service. For terminating FGD, BellSouth will pass CPN if it receives CPN from FGD carriers. All privacy indicators will be honored. Where available, network signaling information such as Transit Network Selection ("TNS") parameter (CCIS platform) and OZZ/CIC information (non-CCIS environment) will be provided by a Company whenever such information is needed for call routing or billing. The Parties will follow all OBF adopted standards pertaining to TNS and OZZ/CIC codes.

4.03 CCIS shall be utilized in conjunction with two way meet point trunks; except MF signaling must be used on a separate meet point trunk group for originating FGD access to Exchange Access customers that use MF FGD signaling protocol.

4.04 All originating Toll Free Service calls for which BellSouth performs the Service Switching Point ("SSP") function (e.g., performs the database query) shall be delivered by the Companies using GR-394 format over a trunk group designated for Toll Free Service. Carrier Code "0110" and Circuit Code of "08" shall be used for all such calls. In the event the Companies become a toll free service provider, BellSouth shall deliver traffic using the GR-394 format over a trunk group designated for Toll Free Service.

4.05 All originating Toll Free Service calls for which a Company performs the SSP function, if delivered to BellSouth, shall be delivered by the Company using GR-394 format over the meet point trunk group for calls destined to IXC's, or shall be delivered by the Company using GR-317 format over the Local Interconnection Trunk Group for calls destined to end offices that directly subtend BellSouth access tandems.

4.06 Originating Feature Group B calls shall be delivered to BellSouth's tandem using the interLATA trunk groups.

4.07 The Parties agree: (a) to a multiple bill arrangement as described in MECAB; (b) to adopt MECAB as the terms and conditions for meet point billing for all traffic to which MECAB applies which includes traffic terminating to ported numbers; and (c) to employ a 30 day billing period for meet-point billing, and shall provide each other, at no charge and at least once a month, the Exchange Access detailed usage data.

4.08 Each Party will provide the other with the Exchange Access detailed usage data within fifteen (15) days of the end of the billing period. Each Party will provide to the other the Exchange Access summary usage data within fifteen (15) days of the date that a bill is rendered to the IXC by the initial billing party.

4.09 In the case of IXC traffic terminating to the Companies ported numbers, the Parties will, unless IXC actual minutes of use can be measured, account for access revenue on a State-by-State basis by using verifiable BellSouth/Company interstate and intrastate minutes of use reported on the applicable ARMIS report at the total IXC access rates applicable to BellSouth less the BellSouth/Company meet point access minutes at the meet point billing access rates applicable to BellSouth, with no other subtractions.

4.10 The meet point billing process in accordance with this Article shall apply to all Toll Free Service calls where the provider is an IXC. Each Party shall be responsible for billing its portion of the charges described herein.

4.11 If any Party provides intermediary functions for network access service connection between an IXC and another Party, each Party will provide their own network access services to the IXC on a meet-point basis. The meet-point billing arrangement will be through the multiple bill. Each Party will bill its own network access services rates to the IXC with the exception of the residual interconnection charge. Each Party shall bill 50% of its residual interconnection charges in such case.

ARTICLE V

INTERCONNECTION TRUNK ARRANGEMENT AND COMPENSATION

5.01 The Parties shall reciprocally terminate Local Traffic and intraLATA toll calls originating on each other's networks, as follows:

a. The Parties shall make available to each other one-way trunks for the reciprocal exchange of Local Traffic and intraLATA toll traffic.

b. The Parties will provide CCIS to one another in conjunction with all trunk groups where applicable. The Companies may establish CCIS interconnections either directly or through a third party. The Parties will exchange TCAP messages to facilitate full interoperability of CCIS-based features between their respective networks, including all CLASS features and functions, to the extent each Party offers such features and functions to its own end users. All CCIS signaling parameters will be provided including CPN. All privacy indicators will be honored.

c. BellSouth will make available to the Companies, as needed, 64 Kbps Clear Channel Capability ("64K CCC") trunks. Upon receipt of the Companies' initial forecast of 64K CCC quantities, the Parties will begin joint planning for the engineering, procurement, and installation of the segregated 64K CCC Local Interconnection Trunk Groups, and the associated Bipolar 8 Zero Substitution (B8ZS) ESF facilities, for the sole purpose of transmitting 64K CCC data calls between the Company and BellSouth. In no case will these trunks be used for voice calls. Where such trunks and/or additional equipment is required, such equipment and trunks will be obtained, engineered, and installed on the same basis and with the same intervals as any similar growth job for IXC, ALEC, or BellSouth internal customer demand for 64K CCC trunks. Where technically feasible, these trunks will be established as two-way.

d. The Companies may opt at any time to terminate to BellSouth some or all Local Traffic and intraLATA toll traffic originating on its network via a combined two-way trunk group. In such case, the Company will provide a PLU to BellSouth or actual minutes of use.

e. No Party shall represent Exchange Access traffic as Local Interconnection Traffic.

f. BellSouth shall deliver all traffic destined to terminate at a Company's Central Office in accordance with the serving arrangements defined in the LERG.

g. When a Company delivers over the Local Interconnection Trunk Group miscellaneous non-local calls (i.e. time, weather, 900, Mass Calling Codes) destined for BellSouth, it shall deliver such traffic in accordance with the serving arrangements defined in the LERG.

h. Calls completed using N11 codes (i.e. 411, 511, 911) shall not be sent between the Companies and BellSouth's networks over the Local Interconnection Trunk Groups.

i. The Parties acknowledge that there are certain types of calls that require exchange of billing records between the Parties. These types of records include intraLATA alternate billed calls (e.g. calling card, bill-to-third party, and collect records and LEC/ALEC-provided Toll Free Service records). The exchange of billing records for calls of this type that are intraLATA will be handled through the existing CMDS processes. The payments of revenues for these types of calls will be handled through Calling Card and Third Number Settlement ("CATS") with the CMDS host and specific arrangements with BellSouth. The Parties will exchange records of Local Transit Traffic on the same basis as provided in Paragraph 4.08 with respect to Exchange Access meet point billing records.

5.02 Compensation for Call Termination. The following compensation rates shall apply for traffic delivered between the Parties pursuant to this Agreement.

a. The delivery of Local Traffic between Companies and BellSouth shall be reciprocal and compensation shall be mutual. Subject to the method of calculation set forth in this Paragraph 5.02, the Parties shall pay each other \$.010 per minute of use for terminating Local Traffic (other than Transit Calls constituting Local Traffic) on each other's networks.

The Parties acknowledge that this per minute compensation represents an average of the tariffed Exchange Access rates in all of the States within the Territory. If, for any reason, there is a decrease of any such tariffed Exchange Access rate, at any time during the term of this Agreement, in one or more States by an amount of \$.001 or more, the per minute rate of compensation required by this Paragraph 5.02(a) shall be automatically reduced by a corresponding amount. For example, for the purposes of this Agreement, the Parties have agreed that the tariffed Exchange Access rate in Tennessee is \$.018. If the Tennessee rate is reduced by \$.01, the average regional per minute of use compensation to be paid pursuant to this Agreement shall be reduced to \$.009.

b. For purposes of this Paragraph 5.02(b) there shall be four (4) calculation periods of six months each. In calculating the compensation required by Paragraph 5.02(a) no Party shall owe compensation to the other unless the net minutes of use (i.e., the difference between the Parties' minutes of use calculated by subtracting the lower number of minutes used by the Party with the lower number from the number of minutes used by the Party with the higher number) for terminating local traffic results in a dollar amount in excess of the amount designated for each month during the calculation period as follows:

1. During the first six month period of operation, there shall be no charges accrued, or compensation paid for the termination of local traffic; however, the Parties shall exchange billing information and usage data during this initial period for the purpose of reviewing same for accuracy only;

2. During the second six month period, \$40,000 per month/ billing period;

3. During the third six month period, \$30,000 per month/ billing period;

4. During the fourth six month period, \$20,000 per month/ billing period; and

5. During any extension of this Agreement pursuant to Article II, Paragraph 2.03, \$0 per month/billing period.

The Parties acknowledge and agree that any compensation which might accrue in an amount less than that required by this Paragraph shall be considered to be de minimis. The "initial six month period" for purposes of applying this de minimis rule in each State shall begin with the date the first call is completed under the Interconnection arrangement provided for herein in such State, and each subsequent period shall begin when the prior period expires. As a result, the periods described in this Paragraph 5.02(b) may not run concurrently in the various States. In the event that the first call is completed on a date other than the first day of a month, the balance of that month shall be treated as included in the initial six month period, but such period will end on the last day of the sixth full calendar month after the date of such first call completion so that thereafter the six month periods referred to in this Paragraph 5.02(b) shall

always be determined on a calendar month basis. In the event that the Parties so agree, monthly billing and calculation periods for any State under this Paragraph 5.02(b) may begin on a day other than the 1st day of a month.

c. If after applying the de minimis rule calculations in accordance with Paragraph 5.02(b) to a particular billing month a Party would be required to compensate another Party, the compensation due shall not exceed 105% of the total billed Local Traffic minutes of use of the Party with the lower total billed Local Traffic minutes of use in the same billing period. For this purpose the number of minutes of the Party with the lower total billed minutes of use shall be deemed to be such Party's actual billed local minutes of use (excluding Local Traffic minutes of use constituting Transit Calls). Total billed Local Traffic minutes of use of a Party for purposes of this Paragraph shall be as recorded by the Party receiving the terminating traffic (subject to reconciliation with the Party originating the traffic if its recordings of such minutes of use materially differ) and shall be aggregated for each Party and any of its Affiliates providing local exchange telecommunications services under the Party's Certificate of Authorization. The Parties shall submit bills for terminating Local Traffic minutes of use on a monthly basis by the 30th day of the following month, but payment shall be due within 45 days after the end of the six month periods referred to in clauses (2)-(5) of Paragraph 5.02 (b).

d. The Parties will compensate each other on the basis of Mutual Traffic Exchange for the provision of intermediary tandem switching and transport services with respect to Transit Calls constituting Local Traffic.

e. The delivery of intrastate toll traffic between the Company and BellSouth shall also be reciprocal and compensation will be mutual. Each Party shall pay each other identical rates for terminating the same type of traffic on each other's network. The Parties will pay each other BellSouth's intrastate Exchange Access rate elements on a per minute of use basis for originating and terminating intrastate toll traffic as appropriate.

The following service elements shall apply to intraLATA toll calls (including Toll Free Service Calls whether the provider is a Company or BellSouth), except that certain elements may be inapplicable with collocation:

- Tandem switched transport:
 - Fixed - per minute of use
 - Variable - per minute per mile of use; provided, however, that an average mileage of 5 miles shall apply to all intraLATA toll traffic regardless of the actual mileage between the access tandem and the BellSouth end office.
- Tandem switching - per minute of use
- Interconnection charge (IC) - per minute of use

- Local switching - per minute of use
- Carrier Common Line - per minute of use
- 800 query charge - per query
- Record provisioning charge for intraLATA 800 records - per record

The applicable rates for the above elements can be found by reference to BellSouth access tariffs.

5.03 For intraLATA toll free service, access shall be charged by the Party originating the call rather than the Party terminating the call.

5.04 Each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting ("AMA") recordings made within each Party's network.

5.05 Measurement of minutes of use over Local Interconnection Trunk Groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly billing cycle and then rounded to the next whole minute.

5.06 Late payment fees, not to exceed 1% per month may be assessed, if interconnection charges are not paid, within thirty (30) days of the due date.

5.07 For so long as BellSouth serves as numbering administrator within the Territory, BellSouth shall ensure that the Companies have on a nondiscriminatory basis sufficient numbering resources so that the Parties can distinguish Local Traffic (measured and flat rate) from intraLATA toll traffic. To the extent that BellSouth controls numbering resources and does not comply with the foregoing, all affected calls will be treated as Local Traffic to the extent that BellSouth cannot distinguish between Local Traffic and intraLATA toll traffic. Companies agree, subject to the first sentence of this Paragraph, to use NXX codes in a manner that will allow BellSouth to distinguish Local Traffic (measured and flat rate) from intraLATA toll traffic. In the event a third-party becomes numbering administrator, BellSouth agrees, if it is the Companies' CMDS host, to support the Companies' requests and assist the Company in obtaining Revenue Accounting Office codes, and any other billing and accounting codes necessary for the provision of local telephone numbers within BellSouth's jurisdiction. After final telecommunications numbering administration guidelines, plans or rules have been adopted pursuant to Section 251(e) of the Act, the Parties shall comply with such guidelines, plans or rules.

ARTICLE VI
OPERATIONAL MATTERS AND UNBUNDLED NETWORK FEATURES.
FUNCTIONS AND CAPABILITIES.

6.01 A maintenance of service charge shall apply when any Party requests the dispatch of another Party's personnel for the purpose of performing maintenance activity on the interconnection trunks, and any of the following conditions exist:

- a. No trouble is found in the interconnection trunks; or
- b. The trouble condition results from equipment, facilities or systems not provided by the party whose personnel were dispatched; or
- c. Trouble clearance did not otherwise require a dispatch, and upon dispatch requested for repair verification, the interconnection trunk does not exceed Maintenance Limits.

6.02 If a maintenance of service initial charge has been applied and trouble is subsequently found in the facilities of the Party whose personnel were dispatched, the charge will be canceled.

6.03 Billing for maintenance of service is based on each half-hour or fraction thereof expended to perform the work requested. The time worked will be categorized and billed at either basic time, overtime or premium time rates. No Party shall be entitled to charge overtime or premium time rates when it has regular staff available for its own customer or internal needs at the time maintenance of service is requested by the other Party.

6.04 The Parties will provide maintenance to their respective affected service within the following intervals:

60% to 100% of service outage within a trunk group:	within 1 hour
20% to 60% of service outage within a trunk group:	within 4 hours
0% to 20% of service outage within a trunk group:	within 8 hours

6.05 The charges for maintenance of service hereunder will be no higher than the applicable charges as set forth in BellSouth's E13 tariff. The Parties shall exchange maintenance of services contacts and escalation lists.

6.06 In answering misdirected repair calls, no Party shall make disparaging remarks about another, nor shall they use repair calls as the basis for internal referrals or to solicit customers to market services. Any Party may respond with factual information in answering customer questions.

6.07 All Parties shall provide their respective repair numbers to each other for purposes of customer referrals of misdirected repair calls.